

# FINANCIAL MANAGEMENT POLICY

Apprenticeships  
Are Us 

Honesty, Integrity & Accountability



# TABLE OF CONTENTS

<b>SECTION 1: FINANCIAL MANAGEMENT FRAMEWORK.....</b>	<b>5</b>
1.1 Policy statement .....	5
1.2 Purpose and scope.....	5
1.3 Principles .....	5
1.4 Outcomes .....	5
1.5 Delegations .....	6
1.6 Policy implementation.....	6
1.7 Risk management.....	6
<b>SECTION 2: FINANCIAL SECURITY .....</b>	<b>7</b>
2.1 Quality improvement .....	7
2.2 Standard templates .....	7
2.3 Contractual and compliance obligations .....	7
2.3.1 Scheduling of financial management activities .....	7
2.4 Roles and responsibilities .....	8
2.4.1 Board of Directors' roles and responsibilities .....	8
2.4.2 The Managing Director.....	8
2.4.5 The Financial Controller .....	8
2.5 Signatories.....	9
2.6 Delegation authorities.....	9
2.7 Delegation limits.....	9
2.7.1 Delegation limits of staff.....	9
2.7.2 Purchase and expenditure limit requirements.....	9
2.8 Accounting authority.....	10
2.9 Cash disbursement authority .....	10
2.9.2 Electronic funds transfer.....	10
2.9.3 Credit card authorisation .....	11
2.10 Separation of duties .....	11
2.11 Human resources .....	11
2.12 Access and security .....	12
2.13 Lending and borrowing.....	12
2.13.1 Lending.....	12
2.13.2 Borrowing.....	12
2.14 Insurance .....	12
2.15 Overseas transactions .....	13
<b>SECTION 3: MANAGING FRAUD AND IRREGULAR PRACTICE.....</b>	<b>14</b>
3.1 Fraud and irregular behaviour definition .....	14
3.2 Fraud risk assessment .....	14
3.3 Reporting.....	15
3.4 Whistleblowing.....	15
3.5 Investigation.....	15
3.6 Post-incident .....	15
<b>SECTION 4: INCOME GENERATION .....</b>	<b>16</b>
4.1 Investing and interest .....	16
4.1.1 Investing funds.....	16
4.1.2 Interest earned.....	16
4.2 Fundraising and donations.....	16
4.2.1 Fundraising.....	16
4.2.2 Donations .....	16
4.3 Sponsorship .....	17
4.5 Proceeds from sales and services provided .....	17
4.6 Grants and funding contracts .....	17
4.7 Funds transferred from previous years .....	17

<b>SECTION 5: BUDGETING.....</b>	<b>18</b>
5.1 Annual budgeting.....	18
5.1.1 Roles and responsibilities.....	18
5.1.2 Developing budgets.....	18
5.1.3 Monitoring and Reporting Budgets.....	18
5.2 Project budgets.....	18
<b>SECTION 6: ACCOUNTING PRACTICE.....</b>	<b>19</b>
6.1 Accounting standards.....	19
6.2 Chart of accounts.....	19
6.3 Costs.....	19
6.4 Accounts payable.....	19
6.5 Accounts receivable.....	20
6.5.1 Managing accounts receivable.....	20
6.5.2 Managing debtors and outstanding debts.....	20
6.6 Reconciliation.....	21
6.7 Cash flow management and solvency.....	21
6.7.1 Solvency.....	21
6.7.2 Cash management.....	21
6.8 Staff and Board member reimbursement of expenses.....	21
6.9 Petty cash.....	22
6.10 Organisation credit cards.....	22
6.11 Organisation fuel accounts.....	22
<b>SECTION 7: PROCUREMENT AND PURCHASE.....</b>	<b>24</b>
7.1 Services and Consultancy Procurement and Expenditure.....	24
7.1.1 Goods.....	24
7.1.2 Engaging consultants and contract staff.....	24
7.1.3 Supplier engagement.....	24
<b>SECTION 8: STAFF AND BOARD MEMBER BUSINESS EXPENSES.....</b>	<b>25</b>
8.1 Travel and transport.....	25
8.1.1 Air travel.....	25
8.1.2 Vehicle hire.....	25
8.1.3 Public transport and taxis.....	25
8.1.4 Personal vehicle use.....	25
8.2 Accommodation.....	26
8.3 Meal allowances.....	26
8.4 Miscellaneous expenses.....	26
8.5 Delegation.....	26
8.6 No Private benefit.....	26
<b>SECTION 9: STAFF SALARY AND BENEFITS.....</b>	<b>27</b>
9.1 Staff payroll.....	27
9.2 Commission.....	27
9.3 Staff salary packaging.....	27
<b>SECTION 10: ASSET MANAGEMENT.....</b>	<b>28</b>
10.1 Asset acquisition.....	28
10.2 Asset register.....	28
10.3 Asset depreciation.....	29
10.4 Asset disposal.....	29
<b>SECTION 11: MONITORING AND REPORTING.....</b>	<b>30</b>
11.1 Financial statements.....	30
11.1.1 Cash Flow Statements.....	30
11.1.2 Balance Sheets.....	30
11.1.3 Income and expenditure statements.....	30

11.2	Accounting records (principle and subsidiary).....	30
11.3	Annual Report.....	31
11.4	Reporting schedule.....	31
<b>SECTION 12: FINANCIAL AUDIT.....</b>		<b>32</b>
12.1	Audit of financial records .....	32
12.2	Selecting an auditor .....	32
<b>SECTION 13: FINANCE RECORDS.....</b>		<b>33</b>
13.1	Record-keeping.....	33
13.2	Record security.....	33
<b>SECTION 14: INTERNAL REFERENCES.....</b>		<b>34</b>
14.1	Supporting Documents .....	34
14.2	Related Policies.....	34
<b>SECTION 15: EXTERNAL REFERENCES.....</b>		<b>35</b>
15.1	Legislation .....	35
15.2	Resources.....	35
15.3	Websites.....	35

## SECTION 1: FINANCIAL MANAGEMENT FRAMEWORK

### 1.1 Policy statement

**Apprenticeships Are Us Ltd** is committed to transparent, comprehensive, and secure management of its finances, ensuring all financial obligations are addressed, and that there are sufficient resources to support the organisation in working towards its mission, objectives, and charitable purpose.

### 1.2 Purpose and scope

This policy aims to provide Apprenticeships Are Us Ltd, with guidance in managing finances of the organisation. The Board of directors of Apprenticeships Are Us Ltd are aware of all duties as a responsible person of a charity. These being:

- must generally act with standards of integrity and common sense
- must act with reasonable care and diligence
- must act honestly in the best interests of the charity and for its charitable purpose
- must not misuse their position as a Responsible Person
- must not misuse information gained in their role as a Responsible Person
- must disclose conflicts
- must ensure that the financial affairs of the charity are managed responsibly
- must not allow the charity to operate whilst it is insolvent

This policy applies to all the organisation staff, Board members and volunteers.

### 1.3 Principles

- » Effective financial management is a priority of the ARU Board of Directors and the Managing Director (MD).
- » The ARU Board of Directors holds ultimate accountability for the financial management of the organisation.
- » Financial management responsibilities of the ARU Board of Directors, staff and volunteers are clearly defined.
- » Resources are provided to support good financial management.

### 1.4 Outcomes

The outcomes of implementing this policy are:

- » Finances are effectively managed and support the organisation in its mission, objectives, and charitable purpose.
- » Accurate, complete, and transparent financial records are kept. *(Note: Apprenticeships Are Us Ltd Transparency and Accountability Policy)*
- » All financially related contractual and legislative requirements are met.
- » Assets are managed to support the organisation.

## 1.5 Delegations

<b>THE ARU BOARD OF DIRECTORS</b>	<ul style="list-style-type: none"><li>» Endorse and ensure compliance with the Financial Management Policy.</li><li>» Contribute to the review and development of the Financial Management Policy.</li><li>» Review and approve financial statements (balance sheets, income statements, cash flow statements) on a regular basis at Board meetings.</li><li>» Ensure an approved auditor conducts an annual audit of the organisation's accounts.</li><li>» <i>Refer to Apprenticeships Are Us Ltd Independent Audit Policy.</i></li></ul>
<b>BUSINESS SERVICES/ MANAGEMENT</b>	<ul style="list-style-type: none"><li>» Compliance with the Financial Management Policy.</li><li>» Contribute to the review and development of the Financial Management Policy.</li></ul> <p><b>MD</b></p> <ul style="list-style-type: none"><li>» Lead the development and regular review of budgets.</li><li>» Ensure accurate, complete, and transparent financial records are kept.</li></ul> <p><b>MANAGEMENT</b></p> <ul style="list-style-type: none"><li>» <i>Refer to the Apprenticeships Are Us Ltd Financial Delegations Policy.</i></li></ul>

## 1.6 Policy implementation

This policy is developed in consultation with the ARU Board of Directors and staff members and is approved by the ARU Board of Directors.

All staff, Board members and volunteers are responsible for understanding and adhering to this policy.

Specific monitoring and support activities undertaken include:

- » Staff, volunteer, and Board member orientation.
- » Review and update of this policy every 12 months at a minimum, or as required.

This policy must be read in conjunction with the following policies:

- Financial Delegations Policy
- Transparency and Accountability Policy
- Independent Audit Policy
- Corporate Governance Charter
- Corporate Governance Statement
- Related Party Transactions Policy
- Conflict of Interest Policy
- ACNC Information for Directors
- Code of Ethics
- Investment Planning Policy
- Anti Bribery Policy
- Credit Card Policy
- Gifts and Benefits Policy

## 1.7 Risk management

Risk management actions are identified in *Section 2: Financial Security*. The organisation's financial risk management strategy will also incorporate climate-related financial risks, in line with AASB S2 guidelines. This includes identifying financial risks arising from climate change, such as asset devaluation due to regulatory changes or environmental factors and integrating these risks into the broader risk management framework.

## SECTION 2: FINANCIAL SECURITY

Financial security is about protecting the organisation's financial and other assets from irregular and fraudulent behaviour. The organisation implements a range of financial security strategies.

### 2.1 Quality improvement

The organisation maintains currency of this Financial Management Policy which is informed by current best practice and sector standards and complies with contractual and legislative obligations.

The organisation implements related policies and procedures that support understanding and compliance with this Financial Management Policy.

The organisation makes improvements to financial management by:

- » In conjunction with the auditor by conducting an annual review of financial management practice against this Financial Management Policy and making improvements as required.
- » Conducting regular spot checks of financial files per year.

### 2.2 Standard templates

Standard approved templates that align with Australian Accounting Standards are used in managing and recording the organisation's financial accounts to support consistency and shared understanding across the organisation, as well as acting as a safety control measure.

Current financial management standard templates are:

- Purchase Order Book
- Expense Claim Form
- Timesheet
- Annual Leave Form
- Staff Requisition Form
- Asset Register
- Gifts and Benefits Register
- Contracts Register
- Credit Card Register
- Uniform Register
- Key and Access Register

### 2.3 Contractual and compliance obligations

The organisation's financial management contractual and compliance obligations are identified as part of the organisation's Compliance Register, detailing the response, reporting, and timing requirements.

The Compliance Register is reviewed **quarterly** by **Compliance Officer** and the ARU Board of Directors.

#### 2.3.1 Scheduling of financial management activities

A schedule of financial management activities is maintained by the **Financial Controller** which details:

- » budget development planning, drafting and approval timeframes
- » internal and external reporting
- » internal reviews
- » external reviews

- » auditing; and
- » Statutory Tax Obligations and Statement of Tax Record (STR).

The schedule is Apprenticeships Are Us Ltd shared business calendar though Board Pro Software and/or a standard report prepared for the ARU Board meetings.

## **2.4 Roles and responsibilities**

Financial management roles and responsibilities are assigned to specific staff and the ARU Board positions and are identified in organisation policies, position descriptions and a delegation chart. It is the ARU Board's responsibility to ensure effective financial management of the organisation.

### **2.4.1 Board of Directors' roles and responsibilities**

The ARU Board of Directors as a whole, together with individual members will:

- » Comply with all contractual and legislative requirements.
- » Develop and monitor financial plans and budgets.
- » Use organisation funds solely for approved organisation purposes and priorities.
- » Use restricted funds for their designated purpose only.
- » Ensure all financial transactions and decisions of the organisation are recorded using standard accounting practices.
- » Ensure an approved auditor conducts an annual audit of the organisation's accounts.
- » Ensure separation of financial duty practices are adhered to.
- » Prevent the organisation from incurring unauthorized debts.
- » Ensure debts are settled within the agreed time.
- » Not approve or incur debt that is beyond the organisation's ability to meet.
- » Ensure internal and external financial reporting requirements are met.
- » Allocate financial authorities and delegations.
- » Monitor and respond to irregular and fraudulent behaviour of staff and/or other board members.

### **2.4.2 The Managing Director**

The MD is responsible for working with the Chair and the ARU Board of Directors in implementing effective financial management of the organisation. The MD will:

- » Provide leadership and action financial management.
- » The Managing Director is also responsible for ensuring that all financial decisions consider the environmental, social, and governance impacts, in line with the new AASB S2 standards for sustainability-related disclosures. This includes reviewing investment and expenditure decisions to assess their impact on long-term sustainability goals."
- » Develop and work with the ARU Board in developing financial plans and budgets.
- » Ensure accurate, appropriate, and timely financial reporting as required internally and externally.
- » Delegate and supervise financial management positions and activities as required.

### **2.4.5 The Financial Controller**

The Financial Controller position is responsible for:

- » maintaining accounting books and records;
- » processing all approved income and expenditures;
- » managing petty cash;
- » preparing financial statements and reports;
- » assisting in financial plans and budget preparation;
- » preparing for and assisting the annual external audit;



- » preparing staff salaries and other payments, and maintaining required records;
- » maintaining asset register;
- » maintaining insurance register;
- » Payroll Management;
- » Regulatory compliance across a range of regulators;
- » Statutory tax obligations
- » the Bank Register.

## **2.5 Signatories**

Authorised signatories for banking purposes are the ARU Board of Directors. The Directors may, pursuant to the constitution, appoint a person as attorney or agent of the Company, including to act as a signatory for cheque and on-line banking purposes.

Any such authority must be made by the Directors in writing by resolution of the ARU Board.

The organisation must maintain a record of current cheque and on-line signatories in the Bank Register.

Any adding or removing of cheque and on-line signatories must comply with the following:

- i. No signatories are to be related or living in the same premises.
- i. No signatories are to ever have been bankrupt or convicted for fraud.
- ii. Signatories are not to authorize payments involving a conflict of interest, including authorizing reimbursement for own expenses.
- iii. Two signatures/electronic funds transfer authorisations are required for approved expenditure.

## **2.6 Delegation authorities**

Authority for expenditure of the organisation's funds is permitted within the ARU Board of Directors' approved budget/s and within the financial delegation limits.

Authority for MD expenditure of the organisation's funds outside of the approved budget/s and/or over the limits of delegation must be provided by the ARU Board in writing for each occurrence.

## **2.7 Delegation limits**

Delegation limits allow an employee to spend organisation funds up to the limit before requiring approval from a manager with higher delegation to exceed the limit.

### **2.7.1 Delegation limits of staff**

The ARU Board determines the MD and Managers level of financial delegation and, along with the MD, determines the level of financial delegation for all other staff.

For further information on financial delegations please see the *Apprenticeships Are Us Ltd – Financial Delegations policy*.

### **2.7.2 Purchase and expenditure limit requirements**

Purchases or expenditure over \$10,000, but below \$50,000, requires at least 2 independent quotes.

Purchases or expenditure over \$50,000 requires three (3) independent quotes.

Expenditure that is beyond the scope of the budget for the relevant financial year must be submitted to the ARU Board for approval.

## **2.8 Accounting authority**

The ARU Board determines the MD level of accounting authority.

The MD accounting authorities are:

- » Opening accounts
- » Bank accounts
- » Ledger, trust, general accounts
- » Sign payment summaries
- » Variation and authorisation of accounts payable
- » Cheque signatures (all accounts)
- » Engagement of consultants and contractors
- » Asset management
- » Debt management
- » Travel and accommodation (including use of taxis, car hire, venue hire).

## **2.9 Cash disbursement authority**

All cheques, including payroll cheques, with the exception of direct deposit payroll items, are to be signed by either:

- a. The MD and either one of the Financial Controller or the Financial Accountant; or
- b. both the Financial Controller and the Financial Accountant.

No sole authority is given to one person.

All cheques must be marked with the words "Not Negotiable".

Voided cheques are to have 'VOID' written boldly in ink on the cheque face and have the signature portion of the cheque crossed out. Voided cheques are kept on file.

Signatories cannot sign a cheque made payable to themselves, or a blank cheque.

In no event will:

- » Invoices be paid unless approved by two authorized signatories.
- » Blank cheques (without a date or designated payee) be signed in advance.
- » Cheques be prepared on verbal authorisation, without an invoice and ABN provided by payee.

If required to issue a duplicate cheque for amounts over \$10,000 the bank must be notified immediately, and a stop payment put on the original cheque.

A list of all cheques issued each month, featuring amount, recipient, signatories, and explanation, will be provided to the Treasurer.

### **2.9.2 Electronic funds transfer**

All on-line access to bank accounts with banking institutions must maintain on-line banking restrictions requiring two authorised signatories to authorise any electronic banking transaction.

The MD, Financial Controller and the Financial Accountant are authorised signatories, subject to the ARU Board approval.

On-line banking restrictions must be established with the following safeguards:

- » real-time alerts of any online transaction must be provided to all authorised signatories.
- » all authorised signatories must have unilateral rights to cancel or stop an online transaction or progress payment.

Any changes to signatories are to be advised to the relevant banking institution on the written authority of the Board.

### **2.9.3 Credit card authorisation**

See section 6.10 of this policy.

Organisation credit cards must have approved credit limits not exceeding the amounts stated at section 6.10 unless authorised by the Board.

Credit card access is per the *Apprenticeships Are Us Ltd Financial Delegations Policy*.

### **2.10 Separation of duties**

The organisation has a separation of duties requirement so that no one has full responsibility or authority for the following financial functions:

- » Authorisation and distribution of petty cash.
- » Authorisation of bank payments and transfers.
- » Purchasing of goods in line with the Apprenticeships Are Us Ltd Financial Delegations Policy.
- » Contracting service providers with an expense over \$10,000.

### **2.11 Human resources**

The organisation implements strategies to ensure staff, volunteers and board members are appropriately skilled to undertake delegated financial roles and responsibilities, including:

- » Employing staff with the necessary qualifications, right knowledge and skills for financial management delegations.
- » All personnel with financial delegations are screened through reference checks and National Police Checks and Working with Children Checks.

Relevant staff, volunteers and the ARU Board members are provided with orientation and training to ensure they have the required knowledge and skills to undertake their financial roles and responsibilities, including:

- » Orientation to the organisation's financial management practice.
- » Confirming expected codes of conduct/behaviour relating to financial management practice.
- » Facilitating financial management training as required.
- » Establishing governance responsibilities with the ARU Board.

## 2.12 Access and security

Access to financial information, resources and financial transaction capability is restricted by:

- » authorizing physical and electronic access to delegated personnel only;
- » requiring password access to the organisation's computer network;
- » requiring password access to financial management software programs used by the organisation;
- » securing all paper financial transaction records in key locked filing cabinet;
- » securing petty cash in a key locked storage cabinet or safe;
- » securing all paper financial transaction records and petty cash cabinets/safes in a locked room.

## 2.13 Lending and borrowing

### 2.13.1 Lending

Apprenticeships Are Us Ltd takes a strict no-lending policy, with the exception of wholly owned subsidiaries, as the activity does not directly serve the organisation's charitable purpose and the organisation is not in the business of lending.

Accordingly, no loans are to be made to any person or entity, including:

- a. Former or current responsible person/s.
- b. Employees.
- c. Volunteers.
- d. Any other third-party organisations.
- e. Any related parties, other than wholly owned subsidiaries of Apprenticeships Are Us Ltd.

The exception to wholly owned subsidiaries of Apprenticeships Are Us Ltd applies on the basis that ordinarily the subsidiary is an investment vehicle to invest funds or hold assets in furtherance of the charitable objects of the organisation.

For further information on Related Party Transactions and "Prohibited Transactions" please see the *Apprenticeships Are Us Ltd – Related Party Transactions policy*.

### 2.13.2 Borrowing

The organisation may need to obtain external finance to manage operating expenditure, or to acquire capital assets.

The ARU Board must authorise any external borrowing arrangements that the organisation is to enter into.

Any loans entered into should also comply with the *Apprenticeships Are Us Ltd – Investment Planning policy*.

## 2.14 Insurance

The ARU Board of Directors and MD ensures the organisation carries sufficient insurance cover to comply with contractual and legislative requirements, and to protect the organisation from financial impacts of mistakes, disasters, and accidents.

Insurance policies are reviewed and renewed annually with significant changes to the organisation's assets, staff and volunteer numbers, or services and activities incorporated into new policies.

Details of the organisation's insurance policies are maintained in the **Apprenticeships Are Us Ltd Register of Insurance Policies**.

The organisation maintains the following insurance policies and cover value:

<b>Apprenticeships Are Us Ltd - Register of Insurance Policies</b>	
<b>Policy</b>	<b>Cover Value</b>
Motor Vehicle	Market Value
Business Insurance ( Business Recovery Expenses )	\$ 1,000,000.00
Business Insurance ( Contents )	\$ 550,000.00
Business Insurance ( Contents )	\$ 30,000.00
Public and Products Liability	\$ 20,000,000.00
Corporate Travel	\$ 1,000,000.00
Voluntary Workers	\$ 1,000,000.00
Management Liability ( Director and Officer )	\$ 5,000,000.00
Professional Indemnity	\$ 2,000,000.00
Cyber	\$ 2,000,000.00
Worker Compensation NSW	
Worker Compensation VIC	
Worker Compensation QLD	
Worker Compensation WA	50,000,000 per person
Worker Compensation ACT	

### **2.15 Overseas transactions**

The ACNC External Conduct Standards only apply where a charity has activities and resources outside Australia.

External Conduct Standard 3 provides that a charity must take reasonable steps to minimise any risk of corruption, fraud, bribery or other financial impropriety by its Responsible People, employees, volunteers and third parties outside Australia.

The organisation does not operate outside Australia. There are no activities carried on outside Australia, and the organisation does not provide money overseas.

The organisation does not ordinarily transact in overseas goods and services as part of its ordinary activities. Accordingly, any overseas transactions which may arise must be approved by the ARU Board. Any such ARU Board approval must have consideration as to how External Conduct Standard 3 is met.

## SECTION 3: MANAGING FRAUD AND IRREGULAR PRACTICE

### 3.1 Fraud and irregular behaviour definition

Fraud is defined as “an act of deception intended for personal gain or to cause a loss to another person or organisation.” Fraud is a serious breach of trust. Under NSW and Commonwealth legislation, not all fraud is considered a criminal act. Where it is considered, criminal there is a duty to report it to the police in NSW under *Section 316 of the Crimes Act 1900 (NSW)*. (Note: please refer to the *Apprenticeships Are Us Ltd Fraud Awareness Policy*)

To comply with the Criminal Code Amendment (Fraud and Misconduct Offences) Act 2024, any fraudulent behaviour involving digital transactions, including unauthorized access to the organisation’s financial systems, will be investigated under the enhanced fraud prevention guidelines established by the Act.

Fraudulent behaviour includes:

- » Theft of goods or property.
- » Falsifying financial expense claims.
- » Falsifying or destroying financial and related records to conceal an improper action.
- » Not declaring a conflict of interest.
- » Obtaining undue favour and/or personal gain from suppliers.
- » An employee setting up a false apprentice/trainee.

Irregular behaviour includes unauthorized activities for private gain, such as:

- » ‘borrowing’ from petty cash.
- » unauthorized use of vehicles or equipment.
- » unauthorized loans from the charity (Note: please refer to section 2.13 above)

### 3.2 Fraud risk assessment

The organisation conducts a formal fraud and irregular behaviour risk assessment every year to identify fraud and irregular behaviour as well as potentially vulnerable areas as part of its independent audit.

The fraud risk assessment includes review of:

- » adequacy and application of information technology and information security
- » electronic commerce and internet transactions
- » use of electronic signatures
- » outsourced and contracted functions
- » grants and other payments, benefits, or programs
- » tendering processes and purchasing and contract management
- » revenue collection
- » use of credit cards
- » travel allowance and other staff and the ARU Board allowances
- » salaries
- » petty cash

Findings of the assessment are reported by the MD to the ARU Board of Directors for review, and response actions are incorporated into preventative, control and monitoring practice.

Specific vulnerable risk areas for this organisation are:

- » irregular use of fuel cards
- » conflict of interest
- » unauthorised use of company credit cards

### **3.3 Reporting**

Reporting of suspected or actual fraud and irregular behaviour is the responsibility of all staff, volunteers and the ARU Board members of the organisation.

Actual or suspected fraudulent and irregular behaviour is to be reported to the MD immediately or via the *Apprenticeships Are Us Ltd Whistle Blowers Policy*.

Any person receiving a report of suspected or actual fraud and irregular behaviour is to make a written record of the report.

Actual or suspected fraudulent and irregular behaviour by the MD is to be reported to the ARU Chairman and/or the ARU Board.

### **3.4 Whistleblowing**

A whistle-blower is a board member, manager, employee, contractor, or volunteer – who reports known or reasonably suspected misconduct within the organisation. The disclosure may be reported openly or anonymously. Whistle-blower protection refers to protecting whistle-blowers against reprisals following reporting.

Both internal and external reporting pathways should be available to whistle-blowers.

A strategy for supporting and protecting staff who raise concerns is available and covers:

- » procedures for assessing risks upon receiving a report
- » methods for reporting victimisation
- » processes for handling victimisation complaints
- » methods of support

Please refer to the *Apprenticeships Are Us Ltd Whistle Blowers Policy*.

### **3.5 Investigation**

The MD and the ARU Board are responsible for initial investigation of the report of actual or suspected fraudulent and irregular practice to assess if a formal investigation by, and reporting to, external parties is warranted.

External parties may include the organisation's auditor, investigative consultant, Australian Tax Office (ATO), Australian Charities and Not-for-Profits Commission (ACNC) government funders and regulators, and the police.

A written record of all investigative activities and outcomes is made by the MD and/or the ARU Board.

### **3.6 Post-incident**

Following a suspected or confirmed incident of fraudulent or irregular practice, the organisation's financial risks and control measures are reviewed and amended where necessary.

## SECTION 4: INCOME GENERATION

All income is recorded in the organisation's financial statements.

### 4.1 Investing and interest.

Please refer to the *Apprenticeships Are Us Ltd Investment Planning Policy*.

#### 4.1.1 Investing funds

The organisation may invest funds into a cash management account or a term deposit. Interest received and recorded as an income into the related period. Approval from the MD to invest. Terms deposits are placed into separate periods to allow access to invest.

Investments will be assessed against environmental, social, and governance (ESG) criteria to ensure they align with socially responsible investing (SRI) principles. The organisation will avoid investments in sectors that do not meet ethical standards, including fossil fuels, and prioritize investments that contribute to sustainability goals.

#### 4.1.2 Interest earned

Interest earned on all funds is **allocated retained earnings**.

### 4.2 Fundraising and donations

The organisation is a charity which is endorsed by the Australian Taxation Office with income tax exempt status. The organisation is not registered with deductible gift recipient (DGR) status and therefore is not entitled to receive tax deductible gifts. This means that donors making gifts are not entitled to a tax deduction for the gift.

#### 4.2.1 Fundraising

The organisation is not prohibited from fundraising but does not ordinarily raise funds from the public as part of its income generating activities.

Where the strategic approach of the organisation is to undertake charitable fundraising, the organisation must obtain the necessary charitable fundraising licences from each state and territory in which fundraising is to occur.

The organisation may undertake fundraising activities provided the activity:

- » Is compliant with the state/territory requirements and charitable fundraising licence applicable to that state is obtained.
- » Is assessed for financial, WHS and other risks.
- » Is not or could not be perceived as being either unethical or illegal.
- » Does not contravene the organisation's mission, objectives, or values.
- » Does not risk the organisation's reputation in any way.
- » Is in line with the organisations Charitable purpose.
- » Does not involve a person known to have been associated with or prosecuted for any form of embezzlement.
- » Does not require expenditure of funds equal to or more than those that are expected to be raised.
- » Is approved by the ARU Board.

#### 4.2.2 Donations

The organisation may accept financial and gift donations from individuals, private trusts, foundations, and companies, provided that:



- » The donation is made directly to Apprenticeships Are Us Ltd.
- » Receipts are provided for all donations (and that such receipts are compliant with the tax gift receipts under tax law nothing that the organisation must not state that any gift made to it is tax deductible to the donor).
- » Acceptance of the funds does not compromise the organisation's mission, objectives, and values.

### **4.3 Sponsorship**

The organisation accepts sponsorship offers of cash, products, and services in return for association with the organisation as a whole and for specific projects, events, or activities, provided that:

- » The agreement does not compromise the organisation's mission, goals, values, charitable purpose, or reputation.
- » A record is made of all sponsorship relationships and agreements.
- » Agreements over \$2,000 are bound by a contract.
- » The organisation retains the right to withdraw from the sponsorship agreement at any time.
- » The sponsorship agreement is approved by the ARU Board.

### **4.4 Membership**

Apprenticeship Are Us Ltd is a company limited by guarantee. Memberships is defined as per *Section 8 of the Apprenticeships Are Us Ltd Constitution (Governing Document)*.

No membership income is derived by the organisation. There is currently no membership application fee or annual membership fee for being a member of Apprenticeship Are Us Ltd.

### **4.5 Proceeds from sales and services provided**

The organisation generates income from a margin charged to host employers over and above the cost of normal apprentice employment related costs. Apprenticeships Are Us Ltd also generates income through a various range of Australian government employment incentives.

### **4.6 Grants and funding contracts**

The organisation seeks and accepts grants and funding contracts for the provision of services, provided that the requirements of the grant or funding contract do not conflict with, compromise, deter, or alter the organisation's mission, charitable purpose, objectives, values, or reputation.

Grants and funds are accepted and entered, providing there is a signed agreement by all parties that details the funds' purpose, requirements, and restrictions.

The Financial Management Policy is reviewed to ensure it complies with the terms and conditions of funding contracts. Terms of the contract may be negotiated with the funders, and/or the Financial Management Policy is updated.

Grant and fund agreements are authorized by **the ARU Board** and signed by **the MD** on behalf of the ARU board.

### **4.7 Funds transferred from previous years**

Unexpended funds from previous years are represented as funds transferred from previous years in their relevant budgets.

Use of unexpended funds must be used in accordance with any contractual requirements which the funds relate to.

## SECTION 5: BUDGETING

Budgeting is undertaken to manage resources for the achievement of strategic goals and sustaining the organisation.

### 5.1 Annual budgeting

The organisation develops budgets for 12-month periods depicting planned income and expenditure to undertake activities in working towards organisational and project goals.

Where the organisation develops separate budgets based on program areas, projects or specific activities, a consolidated budget is developed to monitor overall financial state of the organisation.

Annual budget development commences approximately two to three months before the beginning of the upcoming financial year and endorsed budgets provide the basis for control of the organisation's financial operations for the budget period.

#### 5.1.1 Roles and responsibilities

Primary responsibility for developing budgets is delegated to the MD and the management team with respect their individual departments.

The ARU Board of Directors is to endorse annual budgets prior to the commencement of the financial year.

#### 5.1.2 Developing budgets

Budgets are developed based on informed estimates, rather than guesses, of the income and expenditure items. Income may be informed by funding contracts and grants, host employer billable hours, donations, employer incentives, and interest earned. Expenses may be informed by actual quotes, previous years' amounts adjusted, or comparative amounts from outside the organisation. All budgets are to:

- » Present a true cash flow position that does not confuse or mislead an audit trail.
- » Be inclusive of all known and planned income and expenditure.
- » Allocate funds solely for the organisation's purpose and approved strategies.
- » Allocate restricted or tagged funds for designated purposes only.
- » Ensure projected income meets projected expenditure.
- » Be developed using the organisation's approved budget template.
- » Include explanatory notes as required.

#### 5.1.3 Monitoring and Reporting Budgets

All budgets and performance against budgets are reported to, and reviewed by, the ARU Board on a **quarterly** basis.

In addition to monitoring and tracking, all budgets are formally reviewed, and adjusted, if necessary, at the 6 monthly period, allowing for any major miscalculations or changes to the budget to be amended. A record of the changes and their rationale is maintained. Changes are only permitted by the ARU Board.

### 5.2 Project budgets

Separate budgets are developed for specific projects or activities, and or where income is in the form of restricted or tagged funds.

Specific projects and activities require the allocation of a management fee to the organisation's operating budget to cover administrative costs of supporting the project/activity, such as electricity, printing, IT support, rent and general postage.

## SECTION 6: ACCOUNTING PRACTICE

### 6.1 Accounting standards

The organisation's accounting practice is informed by and aligns with the Australian Accounting Standards<sup>1</sup>. New accounting standards *AASB 15 Revenue from Contracts with Customers* and *AASB 1058 Income of Not-for-profit Entities* become effective for accounting periods commencing on or after 1 January 2019<sup>2</sup>.

In addition, this policy is aligned with the Australian Accounting Standards Board's (AASB) new **AASB S1 and AASB S2 standards** for sustainability reporting. These standards mandate the disclosure of environmental, social, and governance (ESG) factors in financial statements to ensure transparency in how these factors impact the financial health of the organisation.

### 6.2 Chart of accounts

The organisation develops and maintains an organisation-specific standard chart of accounts based on the Standard Chart of Accounts<sup>3</sup>. The standard chart of accounts is applied to all accounting practice(s) of the organisation.

The organisation's standard chart of accounts contains the following groupings:

- » Income
- » Assets
- » Liabilities
- » Equity
- » Cost of Goods Sold
- » Expenses

### 6.3 Costs

Costs refer to the value of resources required by the organisation to achieve its strategic goals. The organisation distinguishes between direct, indirect, fixed, and variable costs as part of budget development.

The organisation depreciates purchased physical items which are expected to have a longer life, to spread cost over a period that is longer than the budget period.

Physical items to be depreciated are those with an expected life.

Physical items to be depreciated include:

- » Motor vehicles = 4 years.
- » Computer infrastructure = 2 years.
- » Computer operating equipment = 2 years.
- » Office equipment = 2 years.
- » Lease hold improvement = term of the lease.

### 6.4 Accounts payable

Accounts payable are managed as outlined below:

---

<sup>1</sup> Australian Accounting Standards Board, Australian government

<sup>2</sup> These accounting standards are set to bring about some significant changes to the revenue and income recognition practices of not-for-profit (NFP) entities. AASB 15 changes revenue recognition from the current "transfer of risks and rewards" model to a "transfer of control" model. AASB 1058 is expected to more closely reflect the economic reality of the underlying transaction and will replace the vast majority of AASB 1004 Contributions.

<sup>3</sup> National Standard Chart of Accounts, April 2010, Australian Charities and Not for Profit Commission

- » All accounts are paid on time and advantage is taken of early payment discounts.
- » Organisation payments are made in accordance with endorsed budgets.
- » Authorisation for purchases is according to the authorized delegation limits.
- » Purchase or expenditure not included in endorsed budgets and/or not within the MD's delegation require approval from the ARU Board.
- » All purchase documentation is to be attached to the organisation's *Purchase Order Form* for signed and dated approval by the delegated staff member.
- » Purchase documentation must include a valid Tax Invoice. Payments will not be made in the absence of a valid Tax Invoice.
- » All completed sections of the Purchase and Payment Order Form are to include:
  - Item/service being purchased.
  - Name of supplier (who the payment is going to).
  - Supplier reference (i.e., invoice number).
  - Authorized dollar amount.
  - Project/budget/cost code which is incurring the expense.
  - Payment method.
- » If a statement or payment reminder notice is issued to the organisation, payment cannot be made without a copy of the original invoice.
- » Complete and accurate purchase records are made in the organisation's electronic accounting system and hard copy filing system by the Financial Controller.
- » Purchase records are to be entered at least weekly.
- » All payments are made by cheque or electronic banking in accordance with Section 2.9.
- » Single item purchases must not be split over more than one Tax Invoice for the purpose of avoiding authorised sign-off by the appropriate signatory.

## **6.5 Accounts receivable**

### **6.5.1 Managing accounts receivable**

All sales and revenue-producing activity of the organisation is recorded fully and accurately in the organisation's accounting systems.

Upon confirmation of a sale/payment, a customer record and fully detailed invoice is created in the electronic accounting system. Credit checks are undertaken to ensure details are valid and correct.

Sales must remain open until payment is received or the organisation determines it is to be written off as a bad debt.

Received payments must be accurately matched against an open sale invoice and allocated to the designated budget item account before being deposited into the bank account.

### **6.5.2 Managing debtors and outstanding debts**

A debtors list is produced and reviewed weekly by the Financial Controller, Financial Accountant and the Accounts Receivable Officer to monitor debts. Debtors are to be provided with communication reminding them of their debt.

Debts are to be written off only when all reasonable attempts at recovery have taken place and recovery has proven to be unsuccessful and further action is either not cost-effective or highly unlikely to succeed.

Approval for debts to be written off must be provided by the MD. All debts that have been written off are reported to the ARU Board. Debt that has been written off is considered an expense item for accounting purposes.

## 6.6 Reconciliation

Bank statements are reconciled daily by the Financial Accountant. Reconciled bank statements are verified by the Financial Controller at the end of each month.

## 6.7 Cash flow management and solvency

Cash flow is monitored to ensure the organisation has sufficient funds available to pay its bills and prevent trading while insolvent.

### 6.7.1 Solvency

The ARU Directors have a responsibility to ensure that the organisation is solvent, that is, able to pay its debts as and when they fall due.

The ARU Board must have reasonable grounds to determine that the organisation is solvent. In order to make such a determination, the ARU Board needs reliable, accurate and complete financial records maintained by the organisation.

*See Section 11: Monitoring and Reporting.*

Where cash / bank balances are at minimal levels, the cash flow projection should be utilised to mitigate and manage cash deficiencies.

### 6.7.2 Cash management

Cash is tracked daily, and a report is sent by the Financial Accountant to the Financial Controller and the MD.

The organisation develops and maintains a cash flow forecast which is included in financial reporting and review by the ARU Board of Directors.

The following cash flow management practices must be adhered to:

- » Cash is banked weekly.
- » Cash banking is carried out by two staff members.
- » Cash is kept secure and locked in a safe when not being used for transaction or recording purposes.
- » Bank statements are reconciled.
- » Payment from debtors is attained as quickly as possible.

## 6.8 Staff and Board member reimbursement of expenses

Staff and the ARU Board members incurring expenses either as a result of carrying out work or purchasing materials on behalf of the organisation are entitled to reimbursement of approved expenses (*refer to Section 7 – Staff and Board Member Business Expenses*).

Expenses are reimbursed only once a completed **Staff and Board Member Expense Claim Form** is submitted with relevant Tax Invoices/receipts and approved by the delegated authority.

Expenses are reimbursed for costs incurred in the current financial period, allowing up to one month after the close of the accounting period; claims received after this time are not reimbursed.

Expenses are reimbursed in cash up to the value of \$100 or electronic funds transfer to the staff member's nominated account.

## **6.9 Petty cash**

The organisation maintains a petty cash float for the payment of small, individual business purchases that are of a dollar value that does not warrant an alternative purchase method.

The petty cash float is maintained at a minimum of \$50 and a maximum of \$500.

All payments from petty cash require a legible receipt that directly relates to and details the purchased item/s.

All payments from petty cash are recorded in the Petty Cash Register.

Petty cash records are reconciled and filed at the end of each month.

Petty cash is managed by Account Receivable Officer.

## **6.10 Organisation credit cards**

The organisation provides credit cards to facilitate efficient purchase and payment of goods and services relating directly to the operations of the charity.

The ARU Board of Directors and MD determine the staff positions that are eligible to use organisation-provided credit cards based on position responsibilities, delegation level and efficiency benefits.

Organisation-provided credit cards:

- » are to be used only for purchase and payment of goods and services relating directly to the operations of the charity.
- » have a maximum credit limit of \$15,000 for each credit card for the MD, Management Team \$5,000 and Apprentice Employment Managers are \$2,000.

All receipts and records must be provided for each credit card purchase/payment. Receipts are to be attached to monthly bank credit card statements for reconciliation, verification, and approval.

Monthly bank credit card statements must be signed by each credit card holder to confirm that the expenditure is a true and accurate record and complies with the organisation policies relating to expenditure.

Signed bank credit card statements are reviewed and approved by Financial Controller.

Staff members provided with an organisation credit card are responsible for maintaining the security of the credit card. In the case of loss or theft of the credit card staff members must immediately contact the Financial Controller who will then arrange for cancellation of the credit card.

Any use of credit cards that does not comply with this policy may be dealt with as fraudulent or irregular practice.

## **6.11 Organisation fuel accounts**

The organisation provides fuel cards to facilitate efficient purchase and payment of fuel for the organisation's owned and/or leased motor vehicle/s.

Individual fuel cards are allocated for each motor vehicle and are to be used to purchase fuel for that vehicle only.

Fuel cards used to purchase and pay for fuel for non-organisation owned or leased vehicles, including for personal use, may be dealt with as fraudulent and irregular practice.

All receipts and records must be provided for each fuel card purchase/payment. Receipts are to be attached to monthly fuel card statements for reconciliation, verification, and approval.

Monthly fuel card statements must be reviewed and approved by the Financial Controller.

## **SECTION 7: PROCUREMENT AND PURCHASE**

### **7.1 Services and Consultancy Procurement and Expenditure**

Developing a procurement strategy and adopting appropriate best practice contracting and procurement principles, policies and procedures for all goods, services and works by Apprenticeships Are Us Ltd, will enhance achievement of the objectives and sustainability as an Organisation.

In purchasing goods and services, Apprenticeships Are Us Ltd aims to obtain the best value for its expenditure of funds. Procurement of goods and services over specified amounts will involve the investigation of more than one supplier and comparison of the quality and price of the available goods or services.

#### **7.1.1 Goods**

Purchases of goods over \$10,000 and up to \$50,000 requires two (2) independent quotes.

Purchases of goods over \$50,000 requires three (3) independent quotes.

#### **7.1.2 Engaging consultants and contract staff**

From time-to-time Apprenticeships Are Us Ltd will seek to contract out work, rather than employing a new staff member. The factors to be considered when deciding to contract out work include:

- » a project being time limited and/or needing specialist skills
- » impact on resources on-site
- » availability of skills required to complete the project within the organisation
- » value for money

#### **7.1.3 Supplier engagement**

When seeking to contract out work, Apprenticeships Are Us Ltd will seek expressions of interest from appropriate contractors through a selective invitation process. Prospective contractors will be given a brief and asked to provide a project plan, budget, and evidence of relevant skills and resources needed to undertake the project.

Apprenticeships Are Us Ltd may use the expression of interest process to establish an ongoing relationship with a preferred supplier for specified goods or services. A preferred supplier will retain this status for a period of six (6) months and will be subject to internal senior management review.

Procurement services under \$10,000 in an income year cumulatively may be selected from the pre-qualified list of consultants and service providers.

Procurement of services for amounts over \$10,000 will require an Expression of Interest to be coordinated. At least (3) independent EOIs are to be obtained. The EOI may be obtained from the preferred supplier list or any other service provider.

When a consultant or contractor is engaged, the MD will sign off on the consultancy agreement which will be countersigned by the consultant or contractor. The agreement will cover:

- » arrangements for payment on agreed milestones and timelines and will detail percentage and dollar amounts
- » project management
- » insurance
- » intellectual property
- » variations to the contract
- » resolution of disputes
- » termination of the contract



## **SECTION 8: STAFF AND BOARD MEMBER BUSINESS EXPENSES**

### **8.1 Travel and transport**

The organisation reimburses staff and board members for travel expenses incurred while undertaking approved business directly related to the organisation. Expenses may include:

- » air, train, taxi, bus, ride sharing services and tram transport
- » vehicle hires
- » fuel
- » travel insurance

Where possible, payment for approved travel arrangements is made prior to the event and using the organisation's accounts for EFT or credit card transactions.

Receipts or ticket butts must be made available if reimbursement is required.

#### **8.1.1 Air travel**

All business-related air travel is to be paid directly from the organisation's bank account or credit card, unless approved otherwise by the Financial Controller under emergency circumstances.

All business-related air travel is to be economy class. A staff or board member may upgrade to either business or first class using their own funds/resources.

#### **8.1.2 Vehicle hire**

Vehicle hire can be pre-booked on company credit cards when approved; however, pre-payment is often not possible, so staff may need to pay with personal funds and apply for reimbursement from the organisation.

When pre-booking and assessing hire costs, staff will consider the type of vehicle required, number of days it is required and cost of appropriate insurance. An approximation of total amount will be provided to the relevant supervisor for approval.

Reimbursement will only be made for the period where business directly related to the organisation was undertaken (including travel to and return), and when all receipts are provided, including additional fuel charges.

#### **8.1.3 Public transport and taxis**

Where public transport is unavailable and/or unsafe and it is more economical to do so, the use of taxis, hire vehicles or ride sharing services is recommended.

#### **8.1.4 Personal vehicle use**

Where public transport, taxi or hire vehicle is unavailable and/or unsafe and it is more economical and/or convenient to do so, staff or board members may elect to use their own private motor vehicle to undertake business directly related to the organisation. Approval from MD for staff and board members to use their own private motor vehicle is required in advance of the intended travel.

Where approval has been given for staff and board members to use their own private motor vehicle to undertake business directly related to the organisation, fuel expenses will be reimbursed at a rate of \$0.78 cents per kilometre.<sup>4</sup>

Claiming and/or approving reimbursement for expenses for private travel may be dealt with as fraudulent and irregular practice.

## 8.2 Accommodation

The organisation reimburses staff and board members for accommodation expenses incurred while undertaking approved business that is directly related to the organisation.

Where possible, approved travel arrangements and payments are made prior to the event, using the organisation's accounts for EFT or credit card payment.

Staff are to consider the maximum spends tabled below regarding accommodation prior to making any booking. Any rates that exceed those below may not be reimbursed in full unless approved in writing by management.

Accommodation expenses are reimbursed at the following rates<sup>5</sup>:

Metropolitan and regional areas	\$300 per night
Rural and remote areas	\$250 per night

## 8.3 Meal allowances

The organisation reimburses staff and board members for meal expenses incurred while travelling away from home to undertake approved business directly related to the organisation.

Meal expenses are reimbursed at the following rates:

Breakfast and lunch	\$25 per meal
Dinner	\$75 per meal

## 8.4 Miscellaneous expenses

The organisation may reimburse staff and board members for miscellaneous expenses incurred while travelling away from home to undertake approved business directly related to the organisation.

## 8.5 Delegation

Approval for staff and board member reimbursement is the responsibility of the MD and the staff members with relevant delegated financial authorities.

## 8.6 No Private benefit

The organisation is a registered charity and has a strict no private benefits policy. Under no circumstances are reimbursements to be approved for any private expenditure of staff which is not an approved business expense.

See *Apprenticeships Are Us Pty Ltd – Related Party Transactions Policy*.

---

<sup>4</sup> Current ATO 'cents per kilometre' rates can be found at the ATO website.

<sup>5</sup> Current ATO travel allowance rates can be found at the ATO website.

## **SECTION 9: STAFF SALARY AND BENEFITS**

### **9.1 Staff payroll**

The organisation makes weekly payroll deposits into the staff member's elected bank account.

Payroll is made strictly according to staff members' employment contracts and is inclusive of any loading, penalty, or other entitlement payments.

The organisation makes the minimum superannuation payment required, and any additional requested superannuation payment on behalf of staff members.

A record of any bonus or incentive payments made to the staff member is retained by the organisation. This record includes the amount details and the signed authorisation as per delegation authority.

A record of all payroll payments is securely retained for the required period.

### **9.2 Commission**

Commission is calculated independently by finance team using correct source of data (*Workforce One System*) and approved criteria by commission (commission criteria designed and approved by MD) to be paid on timely manners.

Commission for current month will be calculated by finance team, approved by MD, and then paid on timely manners.

### **9.3 Staff salary packaging**

The organisation does not offer salary packaging to paid staff members (*refer to the Human Resources Policy for details*).

## **SECTION 10: ASSET MANAGEMENT**

### **10.1 Asset acquisition**

Only assets that support the organisation in working towards its mission, charitable purpose and objectives are to be purchased.

Asset acquisition is based on consideration of whether the asset:

- » will provide significant, direct, and tangible benefit to the organisation.
- » does not exist or could not be upgraded or adapted to meet the same purpose.
- » is appropriate and cost-effective over its life.
- » is compatible with existing equipment and will not lead to unwarranted additional expenditure.
- » can be accommodated in existing space and facilities.
- » is the most suitable and appropriate type, brand, and model.

Authority to purchase assets is in line with the organisation's financial delegation authority (*refer to Section 2: Financial Security*).

### **10.2 Asset register**

The organisation maintains an up-to-date and accurate register of all physical assets that have monetary value equal to or above \$500 and a life longer than 12 months.

Assets that are to be recorded on the asset register include:

- » Computer equipment, e.g., laptops, desktops, routers, servers, and back-up power generators.
- » Furniture and fixtures, i.e., office desks, storage infrastructure, air conditioning unit, alarm system.
- » Office equipment, e.g., copiers and video equipment.
- » Software that is organisation-wide (and greater than the capitalisation limit), i.e., enterprise planning or accounting software.
- » Real estate/property, i.e., cost of acquiring a building.
- » Cultural collections, e.g., art works and cultural artefacts.

Each asset is to be recorded separately, except where multiple items combine to perform one function, e.g., computer system consisting of hard drive, monitor, keyboard and mouse.

The asset register is to record the following information for each asset:

- » date of purchase
- » purchase cost
- » item serial number
- » make and model
- » description of the item, i.e., colour, size, etc.
- » location where the asset is/is stored
- » disposal date and method of that disposal

Records of all asset purchase orders, invoices, receipts, delivery dockets and warranty details are to be maintained in a central online or hardcopy filing system.

All assets are to be checked at least annually to confirm they exist, are locatable, and are in good working order.

### **10.3 Asset depreciation**

Items costing less than \$500 are fully depreciated at the time of purchase.

All registered assets with a limited useful life are depreciated over the lifetime of the asset.

Asset depreciation complies with Australian accounting procedures and Australian Tax Office allowances.

Depreciation method used is the Diminishing Value Method.

Asset depreciation and depreciation rates are reviewed and applied annually.

A record of all current and previous depreciation rates is maintained in the Record of Asset Depreciation Rates.

Assets that have been fully depreciated and have completed their estimated useful lifetime but are in good working order are to remain active on the asset register until these items are disposed of.

### **10.4 Asset disposal**

The disposal of all assets is to be done in a safe and clean manner, with consideration given to methods of selling, donating, reusing, or recycling.

All asset disposals are to be recorded in the Asset Register.

Any proceeds from the sale of an asset are recorded in the organisation's financial records.

All asset disposals must be approved by the MD in writing.

## **SECTION 11: MONITORING AND REPORTING**

### **11.1 Financial statements**

The organisation demonstrates its financial position through reporting of accurate, complete, relevant and transparent financial statements to the ARU Board and stakeholders, as required.

Financial statements are a true representation of all financial transactions undertaken in the stated period.

Financial statements are prepared:

- » in line with recognised good practice and in such a manner that they may be audited at any time if required.
- » in a timely manner and are provided to the ARU Board and external stakeholders within required timeframes.
- » around the financial year commencing 1 July and ending 30 June.

#### **11.1.1 Cash Flow Statements**

The organisation maintains monthly cash flow statements showing the organisation's actual cash inflows, outflows and balances.

Cash flow statements are used to determine the short-term viability of the organisation, particularly its ability to pay bills.

#### **11.1.2 Balance Sheets**

The organisation maintains a monthly balance sheet (also known as a statement of financial position) which provides a snapshot of the organisation's financial position or 'net worth' at a specific point in time.

The balance sheet is to detail the organisation's assets (what is owned), liabilities (what is owed), with the outcome of both collectively known as net assets.

#### **11.1.3 Income and expenditure statements**

The organisation maintains income and expenditure statements (also known as statements of financial performance) to determine the balance on both a monthly and/or annual period.

Income and expenditure statements are used to determine if current income is sufficient to sustain the organisation's operation, given the current amount of debt.

### **11.2 Accounting records (principle and subsidiary)**

The organisation maintains relevant principle and subsidiary records to support financial statements.

Principle accounting records maintained by the organisation are:

- » Cash flow books – hard copy or electronic with record of all cash receipts and payments.
- » General ledger record of all assets, liabilities, income, and expenditure.
- » General journal to record one-off transactions, especially at balance date.
- » Register of members – detailing names, addresses and other information as required by relevant legislation.
- » Petty cash records.
- » Payroll records.
- » Statutory records – including minutes of all ARU Board meetings.
- » Asset register.

Subsidiary records maintained by the organisation are:

- » Receipt books for any monies collected.
- » Bank deposit books.
- » Cheque books.
- » Tax Invoices.
- » Budgeting papers.

### **11.3 Annual Report**

The organisation will prepare an Annual Report at the end of each calendar year for distribution to all members and stakeholders.

The Annual Report is prepared in time for presentation at the organisation's Annual General Meeting.

The Annual Report has the following content:

- » Evidence of how the organisation is meeting its charitable purpose.
- » Financial statements – statement of financial performance, statement of financial position, statement of cash flows.
- » Notes to the financial statements.
- » Details of assets and liabilities.
- » Financial Controller report on the financial statements.
- » Narrative summary of significant financial activities and outcomes.

### **11.4 Reporting schedule**

Quarterly financial statements are provided to the ARU Board for review and endorsement at each ARU Board meeting.

A record of all financial statements and reports provided to the ARU Board is maintained, along with any endorsements, amendments, or other decisions.

The Financial Controller is responsible for preparing quarterly financial statements and presenting these to the ARU Board.

The organisation prepares and submits financial statements and reports to meet all contractual and compliance obligations.

## **SECTION 12: FINANCIAL AUDIT**

### **12.1 Audit of financial records**

Large charities are those with annual revenue of \$3 million or more. Large charities must have its financial reports audits under the ACNC Act.

The audit will also assess compliance with AASB S1 and S2 sustainability standards, ensuring that ESG factors have been accurately included in financial reporting. External auditors must review the adequacy of sustainability disclosures, particularly regarding risks related to climate change and social governance.

The organisation is required to undergo an audit of all financial records and processes for each financial year in accordance with the requirements of the ACNC Act and its regulations.

Under the ACNC Act, an auditor's report must:

- » state whether in the auditor's opinion the organisation's financial report has been prepared correctly under the ACNC Act. If the auditor believes that the organisation's financial report does not meet the requirements of the ACNC Act, they must:
  - explain why.
  - where possible, quantify the effect of this on the organisation's financial report or if it is not possible to quantify to explain why.
- » describe any material defect or irregularity in the financial report.
- » state any problems in the assistance they received from the charity when conducting the audit, or any issues with the records kept by the organisation as identified above; and
- » include any statements or disclosures required by the auditing standards.

The financial audit must be carried out by an independent and qualified auditor who is registered with either the Australian Institute of Chartered Accountants, the Australian Society of Certified Practising Accountants, or the Institute of Public Accountants.

The financial auditor is given full and unhindered access at all reasonable times to all financial accounts, documents, and records which the auditor considers necessary for audit purposes.

The Financial Accountant, Financial Controller and the MD are available to support and clarify any queries the auditor may have during the audit procedure, and to respond to any matters/deficiencies identified by the auditor.

The organisation ensures the following in all audit reports:

- » Auditor's qualifications and registration number(s) of relevant professional body or Australian Securities Insurance Commission (ASIC).
- » Report is presented on the auditor's letterhead.
- » Statement that examination of the organisation's records has been completed in accordance with Australian Auditing Standards and has included substantive testing of the organisation's systems.
- » List of financial statements which formed the basis of the report.
- » Findings of the audit.
- » Auditor's signature and date which the report was certified.

The MD and the Financial Controller presents the full and complete audit report for the previous year at the organisation's Annual General Meeting.

### **12.2 Selecting an auditor**

The financial auditor is to be appointed each year at the organisation's Annual General Meeting.

The financial auditor must not be a member of the ARU Board or closely related to a member of the ARU Board.

The current auditor shall be entitled to attend the Annual General Meeting.



## **SECTION 13: FINANCE RECORDS**

### **13.1 Record-keeping**

The organisation maintains records of all financial transactions and related documentation, reports, decisions of the organisation and the ARU Board of Directors, compliance requirements met, and notices sent and received.

Financial record-keeping complies with all contractual and legislative requirements.

Record-keeping applies to any financial information on computers, network servers, back-up systems, hardcopy filing and electronic and hardcopy archiving systems. Financial records are maintained in an organised filing system which facilitates the easy placement and location of documents.

Financial records include:

- » Any financially related correspondence
- » Bank statements
- » Purchase documents
- » Sale documents
- » Donations
- » Outstanding bills
- » Paid bills and receipts
- » Asset records, including instructions and guarantees/warranties
- » Equipment and motor vehicle lease documents
- » Insurance
- » Cash book – record of receipts and payments
- » Statutory information – constitution, budget, and minutes
- » Compliance records
- » Payroll
- » All contractual arrangements where there is a financial transaction
- » Register of contracts
- » Register of related party transactions
- » Register of Gifts and Benefits

The organisation retains financial records for the required contractual and legislative period, prior to these records being securely destroyed.

### **13.2 Record security**

Financial records are to be securely maintained, with measures in place to restrict access only to personnel with delegated authority.

The safe and secure disposal of financial records is undertaken by a contract document destruction organisation that will provide an authorised Certificate of Destruction of Documents.

To comply with the updated *Privacy Act 2024*, all digital financial records, including those related to payroll, contracts, and investment transactions, must be stored using encrypted cloud-based systems with multi-factor authentication. This ensures protection against cyber threats and data breaches.

## **SECTION 14: INTERNAL REFERENCES**

### **14.1 Supporting Documents**

- » Bank register
- » Asset Register Asset depreciation register
- » Expense Claim Form

### **14.2 Related Policies**

- » Fraud Prevention Policy
- » Independent Audit Policy
- » Financial Viability Policy
- » Gifts and Benefits Policy
- » Transparency and Accountability Policy
- » Related Party Transaction Policy
- » Investment Planning Policy

## SECTION 15: EXTERNAL REFERENCES

### 15.1 Legislation

- » *Australian Charities and Not-for-Profits Commission Act 2012 (ACNC Act)*
- » *Co-operatives Act 1982 (NSW)*
- » *Corporations Act 2001 (Commonwealth)*
- » *Treasury Laws Amendment (Financial Reporting and Auditing) Act 2024*
- » *Electronic Transactions Act 2000 (NSW)*
- » *Crimes Act 1900 (NSW)*

### 15.2 Resources

- » *CPA Australia podcast*
- » *A Guide To Understanding The Financial Reports Of Not-For-Profit Entities (2014), CPA Australia*
- » *Financial management of not-for-profit organisations (2012), CPA Australia*
- » *Incorporated Associations: Reporting and auditing obligations (2014), CPA Australia*
- » *Damn Good Advice for Treasurers (2014), Our Community Pty Ltd*
- » *Record keeping for small business, 2012, Australian Taxation Office*
- » *Protecting your organisation against fraud (2011), CPA Australia*
- » *Internal Controls for Not-for-Profit Organisations (2015), CPA Australia*
- » *Whistleblowing at you're not for profit – a leader's guide (2017) Our Community; Your Call*
- » *Charities, A Guide to Financial Reporting and Assurance requirements, (2013) CPA Australia*
- » *Damn Good Advice on Cyber-safety and Fraud Prevention: (2017) Our Community*

### 15.3 Websites

- » *Australian Accounting Standards Board, Australian Government*
- » *Australian Business Register, Australian Government*
- » *Australian Charities and Not-for-profits Commission, Australian Government*
- » *Australian Tax Office, Australian Government*
- » *Fair Trading, NSW Government*

## DOCUMENT CONTROL

Version	Authorised by	Authorisation Date	Sections	Amendment
1.1	ARU Board	16/06/2023		Adopted as new policy
1.2	ARU Board	15/10/2024	All	Cover page, information update
1.3	ARU Board	10/12/2024	All	Minor information update